

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton;  
Tony Hammond; and  
Robert G. Taub

Periodic Reporting  
(Proposals Eight and Nine)

Docket No. RM2012-8

ORDER ON ANALYTICAL PRINCIPLES USED IN  
PERIODIC REPORTING  
(PROPOSAL EIGHT)

(Issued December 6, 2012)

I. INTRODUCTION

In Order No. 203, the Commission adopted periodic reporting rules pursuant to 39 U.S.C. § 3652.<sup>1</sup> Those rules require the Postal Service to obtain advanced approval, in a notice and comment proceeding under 5 U.S.C. § 553, whenever it seeks to change the analytical principles that it applies in preparing its periodic reports to the Commission required by section 3652.

On September 28, 2012, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to

---

<sup>1</sup> Docket No. RM2008-4, Notice of Final Rule Prescribing Form and Content of Periodic Reports, April 16, 2009 (Order No. 203).

consider two proposals to change the analytical methods approved for use in periodic reporting.<sup>2</sup> On October 2, 2012, the Commission issued Order No. 1488 initiating this rulemaking proceeding; providing for the submission of comments and reply comments; and appointing a Public Representative.<sup>3</sup> Also on October 2, 2012 the Postal Service filed revisions to its library references.<sup>4</sup>

Proposal Eight would move the machinable and irregular cost worksheets contained in the Standard Mail parcel mail processing cost model to the Parcel Select/Parcel Return Service mail processing cost model and relabel the worksheets as “Lightweight Parcel Select.”

The Commission approves Proposal Eight.<sup>5</sup> The proposal is discussed below.

## II. PROPOSAL EIGHT: MAIL PROCESSING COST MODEL FOR MACHINABLE AND IRREGULAR STANDARD MAIL PARCELS

### A. Postal Service Proposal

The Postal Service proposes to move the cost worksheets for machinable and irregular parcels contained in the Standard Mail parcel mail processing cost model to the Parcel Select/Parcel Return Service mail processing cost model and to relabel the worksheets as “Lightweight Parcel Select.” Petition at 3. In Docket No. MC2010-36, the Commission conditionally approved the transfer of the commercial Standard machinable and irregular parcels from the market dominant product list to the

---

<sup>2</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposals Eight and Nine), September 28, 2012 (Petition).

<sup>3</sup> Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposals Eight and Nine), October 2, 2012 (Order No. 1488).

<sup>4</sup> Notice of Filing of USPS-LR-RM2012-8/NP1, Corrected Version of USPS-LR-RM2012-8/1, and Application for Nonpublic Treatment, October 2, 2012.

<sup>5</sup> Proposal Nine will be addressed in a subsequent order.

competitive product list as “Lightweight Parcel Select”<sup>6</sup> The transfer became effective with the implementation of new prices in January 2012.<sup>7</sup> The Postal Service states that costs reported for FY 2012 should reflect the incorporation of Lightweight Parcel Select into Parcel Select. Petition at 4.

The Postal Service states that the proposed changes are solely mechanical in nature because the number of machinable and irregular price categories, as well as the presort level and destination entry point for each price category, have not changed as a result of the commercial Standard Mail parcel price categories being moved to the competitive products list. *Id.* at 3. The Postal Service also proposes that the cost estimates generated by the Parcel Select and Lightweight Parcel Select models be used to de-average the estimates of mail processing cost by shape for all Parcel Select in the FY 2012 Annual Compliance Report. *Id.*

#### B. Participant Comments

The Public Representative was the only party to file comments concerning the proposal.<sup>8</sup> The Public Representative supports Proposal Eight. He notes that the Postal Service is using the same mail processing models it used when these parcels were market dominant products. PR Comments at 2. He concludes that it is reasonable for the Postal Service to use the same Standard Mail mail processing cost models to estimate the unit costs of Lightweight Parcel Select. *Id.*

---

<sup>6</sup> Docket No. MC2010-36, Order Conditionally Granting Request to Transfer Commercial Standard Mail Parcels to the Competitive Product List, March 2, 2011 (Order No. 689). The Commission imposed “the following conditions: (1) the Postal Service files a notice of competitive price adjustment for Parcel Select rates, including Lightweight Parcel Select parcels, that demonstrates such rates satisfy 39 U.S.C. 3633(a) and 39 CFR part 3015; (2) the Commission issues an order finding that the Parcel Select rates in (1) above satisfy 39 U.S.C. 3633(a) and 39 CFR part 3015; and (3) the Standard Mail Parcels transfer authorized by this Order is not effective until the effective date of prices authorized in (b), above.” *Id.* at 19.

<sup>7</sup> In Docket No. CP2012-2, the Commission approved an 8.9 percent rate increase for Lightweight Parcel Select and found that the Postal Service had met the conditions set out in Order No. 689. Docket No. CP2012-2, Order No. 1062, Order Approving Changes in Rates of General Applicability for Competitive Products, December 21, 2011, at 4, 10-13.

<sup>8</sup> Initial Comments of the Public Representative, October 29, 2012 (PR Comments).

### C. Commission Analysis

The Commission approves Proposal Eight.<sup>9</sup> The Postal Service proposes to modify the Parcel Select/Parcel Return Service mail processing cost model by incorporating the mail processing unit cost estimates for the Lightweight Parcel Select price categories. As noted above, the proposal entails moving the machinable and irregular cost worksheets contained in the Standard Mail parcel mail processing cost model to the Parcel Select/Parcel Return Service mail processing cost model. Besides renaming the cost worksheets for Standard Mail machinable and irregular parcels, the Postal Service does not propose any other methodological changes to the Parcel Select/Parcel Return Service mail processing cost model.

*It is ordered:*

For purposes of periodic reporting, the Commission accepts the changes in Analytical Principles proposed by the Postal Service in Proposal Eight in Docket No. RM2012-8 as set forth in the body of this Order.

By the Commission.

Shoshana M. Grove  
Secretary

---

<sup>9</sup> The Commission considers the Postal Service workpapers filed with Proposal Eight to be the approved Parcel Select/Parcel Return Service mail processing cost model. See USPS-LR-RM2012-8/NP1.